

### What is Medical Billing and Transcription Errors and Omissions Liability Insurance?

E&O liability insurance is a form of risk management for medical billing and medical transcription companies. In the event a lawsuit is brought against your company alleging negligence for either providing or failing to provide professional services, E&O insurance steps in on covered claims to protect your company from bearing the full expense of a lawsuit and to assist in your defense.

### Who Needs Medical Billing and Transcription E&O?

Every medical billing and medical transcription company faces E&O exposures and liability relating to the services they provide. This exposure comes from clients and from others connected to these services such as patients, insurance companies, federal and state governmental agencies and other healthcare providers.

### What Does an E&O Policy Cover?

An E&O policy typically covers damages and defense expenses, including attorney's fees, for claims arising from an error or omission in a medical billing or medical transcription company's professional services such as:

- Billing errors
- Incorrect patient or insurance information
- Failing to establish and execute procedures for handling medical records
- Timely posting of transactions
- Improper bundling of claims
- Timely filing of claims with all relevant parties
- Incorrect coding of procedures
- Failing to maintain software used for the storage of medical records
- Failing to make records available when requested

Some E&O policies include coverage enhancements for claims arising from a failure to adequately safeguard the privacy of patients whose medical records are in your custody. These enhancements can address the expenses associated with responding to a breach of your computer system such as:

- The cost of data forensics to identify the source and scope of the data breach
- The cost of hiring a public relations team to maintain your company's reputation
- The cost of notifying individuals affected by the data breach
- The cost of credit monitoring and credit repair for affected individual

### Aren't All E&O Policies the Same?

Purchasing E&O insurance is not at all like purchasing other types of insurance. Instead of using standardized policy forms, E&O insurers write their own policies and endorsements. This means coverage from one insurer to another can vary widely and can leave your company at risk.

### Why Choose Axis Insurance Services?

Unlike most brokers, we're recognized nationally as specialists in professional liability. Our years of expertise in providing medical billing and medical transcription professional liability allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize a policy specifically for your company. We can also assist you in comparing your E&O options and help you to make an informed decision on the right policy for your firm. Call us for a quick review of your current policy to ensure your business is properly protected.

## **Claim Scenarios**

### **Medical Record Information Error**

A patient received inadequate and inappropriate medical treatment in an emergency room, which led to a permanent, partial paralysis. She sued both the hospital and the physicians who treated her. During the course of the medical malpractice litigation, it was discovered that the medical information posted by the billing company was incorrect and that the doctors' reliance on that information was one of the proximate causes of her permanent disability. The patient sued the medical billing company and was awarded \$2,000,000 in compensatory damages and \$2,000,000 in punitive damages.

### **Failure to Maintain Records**

A medical billing company provided services to a group of hospitals in the Southwest. The hospital group later became the subject of a RAC audit which led to the hospitals being fined over \$100,000. The hospital group sued for fines and legal expenses incurred during the audit, alleging that the medical billing company had failed to properly maintain their electronic medical records. The billing company's E&O carrier settled with the hospitals for over \$250,000.

### **Late Submission of Bill to an Insurance Carrier**

A medical billing company failed to submit a series of medical bills for a pediatric cancer patient for over ninety (90) days. Because the bills were submitted after the deadline established by the insurance company, the doctor and hospital did not receive payment for the medical services they provided. Both the doctor and the facility sued the medical billing company and were awarded over \$750,000 in damages.

### **Late Submission of a Revised Billing to Medicare**

Medicare declined a surgeon's medical bill for services which was incorrectly submitted by a medical billing company. Revisions were made and the bill was resubmitted, but before Medicare could process the revised billing, the doctor had retired and given up his Medicare provider number. Medicare accepted the revisions but could not issue payment because their payment regulations require a current, valid Medicare number. The doctor sued the medical billing company and accepted a settlement from the billing company's E&O insurer of over \$160,000.

### **Patient Medical Records Breach and Response**

A medical billing company failed to adequately provide for the network security of their computers, which led to data breach. Thousands of patients' medical records were compromised. Their E&O insurer provided coverage for the first-party expenses the company incurred to notify the affected patients, provide credit monitoring and provide a call center. In addition, their insurer covered the expenses of a data forensics expert to identify the flaws in their system, and a team of public relations experts to help to restore the company's reputation. The cost of the data breach was over \$1,000,000.

These are only claims examples: minor changes from actual suits have been made to protect the confidentiality of all clients.